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Market Administrator's

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BULLETIN

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MARKET ADMINISTRATOR

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Dairy Labor Force Continues Downward

The Dairy Situation, Economic Research Service USDA, March 1965

Labor used on U. S. farms for milk production (exclusive of labor used in producing feed and caring for herd replacements) reached a low of 1.5 billion man-hours in 1963. The decrease from 1962 was 6.4 percent, compared with the 5.1 percent drop from 1961 to 1962. Labor for milk cows probably declined further in 1964, perhaps to about 1.4 billion man-hours. This is a continuation of the downtrend that started during World War II. Milk production per man-hour has been gaining as a result of the drop in labor per milk cow and in milk output per cow.

The long-time decrease of 2.1 billion man-hours since 1943 has resulted from a combination of changes, the most significant of which are advances in technology, reduction in number of milk cows, and increases in size of farms and production per cow. The proportion of farm work used for milk production decreased slightly, from 18 percent of the total farm work in 1945 to 17 percent in 1963.

The index of milk output per man-hour in 1963 was an all-time high of 139 (1957-59 equals 100), more than 7 percent greater than in 1962 and more than double that of 1950. The sharp upward climb resulted chiefly from the large reduction in

use of labor on dairy farms; only slightly from greater total milk output. In 1963, efficiency improved in every population region. Gains ranged from 3 percent in the Northern and Southern Plains regions to 8 percent in the Northeast, Corn Belt, and Mountain regions. Milk output per man-hour since 1950 has risen 107 percent nationally, but gains varied from 66 percent in the Appalachian region to 135 percent in the Pacific States. The chief reasons for this regional divergence in labor productivity gains are differences in production per cow and the use of labor-saving equipment and dairy buildings.

Estimated labor per milk cow in 1959 varied by regions from 90 man-hours in the Pacific States to 121 in the Appalachian region. In 1935-39 almost 150 man-hours annually were spent in feeding, milking, and caring for a milk cow and the milk produced. Man-hours per head and per unit of milk production represent the average quantity of labor used per unit of milk production, rather than standards or goals to be achieved in corral dairies in the Los Angeles area; the hours per cow fell from 62 in 1961 to 41 in 1959.

Widespread use of equipment such
(Continued on Page Four)

COW NUMBERS DECLINE LESS LAST YEAR THAN IN 1963

The Dairy Situation, Economic Research Service
USDA, March 1965

There were 17.6 million cows and heifers 2 years old and over kept for milk on U. S. farms on January 1, 2.7 percent below a year earlier and the smallest number since 1904. This was the third successive year of substantial decline. However, drop during 1964 was less than the 3.2 percent decline during 1963, because milk prices improved relative to returns for beef cattle and other farm enterprises. Another substantial decline in dairy cattle numbers is expected during 1965, but probably less than in 1964.

Heifers 1-2 years old kept for milk dropped 4.0 percent to 4.4 million, while heifer calves declined 2.4 percent to 4.9 million. However, the ratio of dairy replacement stock to milk cows was about the same as a year earlier. The number of cows and heifers eliminated from herds during 1964 declined to 5.1 million head, the smallest number since 1941. Moreover, the culling rate per 100 cows declined from 1963's high level. The prospective rate is still lower for 1965, because fewer replacement heifers are on hand than last year.

Milk cows and heifers 2 years old and over were 16.4 percent of all cattle on January 1 this year compared with 16.9 percent a year earlier and 30.6 percent in 1950. There
(Continued on Page Four)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Class IV (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

Feb. 1965	Jan. 1965	Feb. 1964
\$4.42	\$4.51	\$4.11
4.78	4.92	4.38
3.13	3.13	3.94
—	—	3.71
—	—	3.07
7.8¢	8.0¢	7.3¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....
Percent of Producer Milk in Class III	.....
Percent of Producer Butterfat in Class III	.....
Percent of Producer Milk in Class IV	.....
Percent of Producer Butterfat in Class IV	.....

79.8	79.6	74.8
73.0	72.5	68.4
20.2	20.4	8.5
27.0	27.5	2.2
—	—	1.9
—	—	2.9
—	—	14.8
—	—	26.5

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Receipts per Producer	.....
Average Butterfat Test	.....
Total Value of Producers Milk at Test	.....
Income per Producer (7 day average)	.....

42,549,333	46,850,062	38,937,438
1,519,619	1,511,292	1,003,919
1,670	1,679	1,352
910	900	993
3.87	3.88	3.86
\$2,001,090	\$2,255,626	\$1,699,666
\$299.56	\$303.36	\$303.45

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

32,751,325	35,960,669	28,085,983
1,202,999	1,318,795	1,027,670
33,954,324	37,279,464	29,113,653
8,149,288	9,071,439	3,261,456
445,720	499,157	33,169
8,595,008	9,570,596	3,294,575

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

448,199	442,644	344,180
5,732	5,731	4,514
30,804	29,948	17,880
15,286	14,565	12,087
9,746	9,668	8,361

Area Extended Effective May 1, 1964

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



FEB., 1956 - '65

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1956	23,832,175	3.89	75.7	9.8	6.9	7.6	3.91	4.094	3.694	3.694	3.118	2,074	396
1957	21,646,895	3.80	85.7	8.7	2.9	2.7	4.44	4.529	4.129	4.029	3.063	1,921	402
1958	22,305,961	3.86	83.9	9.6	3.1	3.4	4.38	4.504	4.104	4.003	3.082	1,844	432
1959	21,909,063	3.85	86.4	10.7	.8	2.1	4.34	4.44	4.04	3.94	2.869	1,689	463
1960	27,057,916	3.93	80.9	7.2	2.2	9.7	4.28	4.508	4.108	3.742	2.993	1,703	548
1961	27,302,402	3.87	78.4	7.9	1.5	12.2	4.44	4.715	4.315	3.842	3.095	1,482	658
1962	30,576,654	3.93	77.5	6.8	2.0	13.7	4.28	4.516	4.116	3.887	3.261	1,326	824
1963	34,477,158	3.94	79.0	6.8	2.7	11.5	4.03	4.21	3.801	3.652	3.052	1,385	889
1964	38,937,438	3.86	74.8	8.5	1.9	14.8	4.11	4.38	3.941	3.711	3.077	1,352	993
1965	42,549,333	3.87	79.8	20.2	—	—	4.42	4.78	3.130	—	—	1,670	910

United States In The World Dairy Market

Exports of dairy products from the United States in 1965 are expected to total around 6½ billion pounds of milk equivalent and about 1¼ billion pounds of nonfat dry milk. This will be 15 percent above the 1963 previous record peacetime exports of nonfat dry milk and equal to that of milk equivalent in 1955. In 1965 U.S. exports of dairy products are likely to decline sharply from this year's high level.

The United States were able to attain this year's level of exports by liquidating the excess stocks of butter and nonfat dry milk built up during 1961-62. In 1965 uncommitted stocks held by the Government are likely to be near the minimum working level for the programs under way, and commercial stocks have to be derived primarily from current production. Estimates are that the excess of marketings over domestic demand in 1965 will be near 8 billion pounds of milk equivalent and about 1.2 billion pounds of nonfat dry milk. Of this amount, currently near 6 billion pounds milk equivalent of butter and cheese and about 200 million pounds of nonfat dry milk are used for domestic programs.

Most significant in 1964 was the tremendous increase in sales of dairy products for dollars and the decrease in donations of nonfat dry milk for welfare and school lunch use abroad. The biggest change occurred in the

movement of nonfat dry milk, where dollar sales, comprising export sales from CCC stocks, government-to-government sales for dollars, and sales through the Payment-In-Kind program, rose from 403 million pounds in 1963 to an estimated 660 million pounds in 1964. This amount of dollar sales compared with an average of 150 million pounds in 1960-62, when the sales programs were being developed in response to the mounting surplus of dairy products. However, dollar sales of butter also rose sharply to about 110 million pounds in 1964 from 67 million pounds in 1963. Dollar sales this year will include an estimated 80 million pounds of butter sold through the PIK program. Again this compares with an annual average of 8 million pounds dollar sales of butter in 1960-62.

The large increase in butter sales springs from a changed world supply-demand dairy situation in 1964 compared with 1963. Before 1963 world milk production had been increasing and world stocks of dairy products, particularly of butter, had become burdensome. By 1963 and 1964, however, several factors combined to limit production in Europe. First, in November 1961, voluntary quotas were imposed on butter entering the United Kingdom, the biggest deficit dairy market in the world, and these were made mandatory in March 1962.

These quotas applied to individual countries and limited the amount of butter which each could ship to the United Kingdom. Restricted markets caused some countries to reduce the farm price of milk in order to bring supplies in line with the reduced demand. Drought and severe winter weather lowered feed supplies and roughage, particularly in Eastern Europe. These conditions, plus good prices for slaughter cattle and off-farm economic alternatives for labor, caused considerable liquidation of dairy cattle. As a result, European production in 1963 and 1964 has been limited, and reduced cow numbers may mean that 1965 production will show only small gains. Net exportable supplies from Western Europe declined from 6.5 billion pounds milk equivalent in 1960 to 4.7 billion in 1963. In Australia and New Zealand, production continued to increase, but the increases have not been large enough to fill the gap left by the decline in European production. Canada's ability to export has been lowered somewhat by increases in domestic consumption, while production has been relatively stable. Asia, Africa, and Latin America are deficit markets, heavily dependent on imports of dairy products from other areas, while production in Eastern Europe is consumed at home, plus additional small imports from the western world.

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THE Market Administrators' BULLETIN

DAIRY LABOR FORCE CONTINUES DOWNWARD (Continued from Page One)

as milking machines, automatic and self-feeders, feed and litter carriers, barn cleaners, convenient water supply, and labor-saving milking parlors and barns, reduced the labor needed to fewer than 100 hours annually per cow. The increase in milk per cow, coupled with the one-third drop in man-hours per cow, meant a decrease of more than 60 percent in man-hours per 100 pounds of milk, from 3.4 hours in 1935-39 to 1.3 hours in 1960-62. As mechanical equipment became available, dairy herds grew in size. This is because increases in milk production lower unit cost of output by making fuller use of equipment. Based on average wage rates for hired farm labor and milk output per man-hour, the labor cost per unit of milk production has dropped steadily since the early 1950's. The drop was 32 percent from 1952 to 1963 and about 4 percent from 1963 to 1964.

About 6,000 bulk tanks were installed on U. S. dairy farms in 1963, bringing the total to about 200,000. This was the smallest gain since this industry series was begun in 1956. The rate of gain is falling because many fluid milk producers already have this equipment, and the chances from can to bulk tank delivery are

MINNESOTA - WISCONSIN PRICE SERIES	\$3.22
MIDWEST CONDENSERIES 3.5% per Cwt.	3.182
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.030
Average Price per lb. 92-score butter at Chicago .....	.5799
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant .....	.1427

slower in manufacturing areas. In the largest fluid milk marketing area, New York-New Jersey, the 21 percent of producers with bulk tanks accounted for only 36 percent of receipts in January 1964.

Labor is a major input in milk production, and opportunities still remain for important savings. This means a continuation of rising capital investment for dairying — better buildings and equipment, improved arrangements of lanes, corals, and feed bunks, and more mechanical and self-feeding. For example, pipeline systems are installed in only about 1 out of 10 farms selling milk or cream, although they reduce milking time up to 20 percent as compared to the old type bucket milkers. Also, dairymen are turning to the smaller walk-through barns or milking parlors because they require less labor than the older large stanchion barn.

FEBRUARY
1965

Market Quotations

COW NUMBERS DECLINE LESS LAST YEAR THAN IN 1963

(Continued from Page One)

were 1.42 milk cows for every beef cow in 1950; the 1965 ratio is down to 0.54. Moreover, the number of milk cows relative to beef cows is declining in all regions. In the North Atlantic and Western regions, declines in milk cow numbers between 1950 and 1965 were small, while beef cow numbers rose sharply. In other areas, the changing ratio was due to large increases in beef cow numbers rather than to decline in milk cow numbers.

Arizona and Washington reported gains in milk cows and heifers 2 years old and older; Wisconsin, South Dakota, Florida, New Mexico, Nevada, California, and Hawaii had no change. All other States reported fewer cows, with a drop of more than 5 percent in 13 States. The number of milk cows and heifers 2 years old and over was lower than last January in all production regions,